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*A Brief History of The Bank
of California, N.A., and of the
Region it has Served for 85 Years*

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a large business from the day of its founding. It is known that Ralston brought over with him to the new corporation many of the customers of Donohoe, Ralston & Company. In addition, the trustees and stockholders, as has been indicated, were the heads of important business concerns, most of which naturally formed banking connections with the new house. Then too, its large capital and the experience and standing of its officials attracted the patronage of others who recognized the practical advantages of close business association with such an institution.

With the entire *western third* of the Nation in which to operate, the bank promptly made its influence felt in many fields. Under the direction of William C. Ralston, whose faith in the future of the region was unbounded, numerous enterprises designed to speed its development received encouragement and support. Thus, aid promptly was forthcoming to hasten the spread of Agriculture and to foster Manufacturing. It gave support to the development of trans-Pacific ocean traffic, and so laid the foundation for the great Oriental trade that ever since has been a potent factor in the business of Pacific Coast ports. From the beginning, the bank extended liberal credit to the Central Pacific Railroad, the western half of the transcontinental line which, in 1869, was to connect the West Coast by rail with the Atlantic Seaboard. Still another instance of the vision of the bank's management was its encouragement of commercial relations with Alaska, a connection that proved a not unimportant factor in the U. S. Government's purchase of that territory from Russia, in 1867, three years after the bank was founded.

Important as were these connections in extending California's commercial relations with the rest of the World, these were not the bank's only, or indeed its main, interests during the early period. Not the distant Orient or Alaska, but *nearby* Nevada became the chief theatre of its out-of-State activities during the first fifteen years.

The Comstock Lode was discovered in 1859. Before that year was out, the cluster of shacks on the slope of Mount Davidson had received the dignity of a name: Virginia City. When the bank was organized, less than four years later, Virginia was a city in fact, with a population of more than 10,000, the center of what had already come to be recognized as one of the richest silver-mining

districts in the World. From 1860 onward, the Coast had experienced a mining excitement reminiscent of the gold rush a dozen years earlier. By 1864, a large part of the available capital of San Francisco and a goodly share of its hopes were centered in the mines and mills of the Comstock.

The officials of the new bank were not unaware of the opportunities, present and future, presented by the bonanza, nor were they slow to take steps to share in them. The bank opened for business in San Francisco, on July 5, 1864. Two months later, almost to a day, an agency was established at Virginia City.

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VII: FINANCING THE COMSTOCK

THE Virginia City office was at the corner of Taylor and C Streets, there, in premises formerly occupied by the banking firm of Arnold & Blauvelt. William Sharon was sent up from San Francisco as manager of the new agency, and William C. Ralston's brother, James A. Ralston, became cashier.

Sharon's appointment to this post began an association with the bank that was to last for many years. Born at Smithfield, Ohio, in 1821, he had, after some years of storekeeping in Illinois, and a short period as a member of the Missouri bar, joined the westward trek in 1849. In California, he operated a store at Sacramento in partnership with John D. Fry, then went into business in San Francisco. There he made a considerable fortune in real estate and, in 1863, lost most of it by the failure of a stock brokerage firm of which he was a partner.

Despite his lack of previous banking experience, Sharon was highly successful in his conduct of the affairs of the agency. When the bank entered the field, the fortunes of the Comstock were at a critical stage. The town already had experienced a major boom that had resulted in the formation of scores of mining companies, the opening and partial development of hundreds of claims, and the construction of numerous mills. But many of the ventures had been inadequately financed and inexpertly managed, while others had been, from the beginning, mere stock-selling schemes. Moreover, the technical problems of economically extracting the metal

had not yet been solved, and mills that had been built at great expense had proved inefficient and wasteful. Numerous boundary disputes formed another complication, for these had resulted in the filing of numerous lawsuits and the issuing of orders enjoining further development of the properties until the questions at issue could be settled in the courts.

The result was that production had fallen off sharply and the market value of Comstock stocks had declined far below their former levels. Of course, the banking of the region reflected these confused and depressed conditions. During the first boom a number of private banking houses had sprung up, attracted by the extremely high interest rates, which sometimes reached the fantastic figure of ten percent *per month*. When the reaction came, the debtors of these firms were in many instances unable to meet their obligations. The result was that fully half the small bankers were forced to close, while others were in a precarious state.

Such were conditions on the Comstock when The Bank of California opened its Virginia City agency, in the Autumn of 1864. The situation had elements of irony. By then the field had been enough explored to convince even the skeptics that the mines were of unprecedented richness. Yet the Comstock had reached a financial and legal impasse so complicated that further development and production had all but stopped.

To restore confidence, to bring order out of the confusion, and, most of all, to resume production, was an involved and difficult task. The bank played a leading role in bringing this about. It was recognized that one of the most pressing needs was an adequate supply of new capital. This the parent bank put at the disposal of its Virginia City manager.

With funds sent up from San Francisco, Sharon set to work with shrewdness and energy. From the involved local bankers he took over the notes of some of the leading properties, then extended new capital that permitted them to settle the boundary disputes, to purchase new equipment, and to meet enlarged payrolls. Thus the impasse was gradually broken, interest swung to the neglected business of production, and the ore again began to issue in volume from the mineheads. Reviving confidence was presently accelerated by other rich strikes. A new wave of enthusiasm for Com-

stock shares gripped the Coast, and the prices of stocks of the leading mines again shot upward as thousands began to buy. The most spectacular boom in western mining history got under way.

The story of the Virginia City agency was a long and varied one. The original manager, as stated, was William Sharon, and the first cashier, James A. Ralston. On the latter's death, a year or two later, J. P. Martin became cashier, and, when Sharon presently retired, Martin succeeded him as manager. Martin himself retired in 1888, and was in turn succeeded by J. W. Eckley. Eckley and the cashier, George A. Morgan, continued to serve in their respective capacities for more than forty years, retiring only when the agency finally was closed.

During the entire period of Nevada's productive mining era The Bank of California continued to play a leading part in its financing. As further discoveries were made and new towns came into prominence, the bank established other agencies, thereby placing its facilities at the disposal of those who were developing the new districts.

Eight months after the founding of the Virginia City office a second agency was established at Gold Hill, succeeding to the business of A. B. Paul & Company. It was opened on May 9, 1865. Sharon was made manager of this agency as well as that at Virginia City; the cashier was W. H. Blauvelt, a former partner in the firm of Arnold & Blauvelt. Blauvelt remained cashier until the Gold Hill agency was discontinued.

Meantime, the town of Treasure City having risen to importance during the Treasure Hill boom of the previous year, a third agency was established there, on February 9, 1869. John A. Paxton, formerly a banker in Marysville, California, was put in charge. Two other agencies were opened during that same period, at White Pine and at Hamilton. Substantial banking quarters were built at both the latter towns, and experienced staffs were installed; these included Barnum W. Field and Lovell White. White later was for many years a prominent figure in San Francisco banking, first with The Bank of California, where he acted as business agent for William Ralston, and, from 1870, with the San Francisco Savings Union. He died in January 1910, at the age of eighty-three.

The Treasure City, Hamilton, and White Pine agencies were,

however, short-lived. The mines of these districts did not live up to expectations; population drifted away, and, after only a year or two, the agencies were permanently closed. The Gold Hill agency, the second established, had a longer history; it continued in operation until the early 1890's, when it too was discontinued, leaving only the original agency at Virginia City. The latter remained in business for well over half a century. Not until 1917 were its affairs terminated, and The Bank of California's part in financing Nevada's great silver boom brought to a final close.



VIII: THE AGE OF SPECULATION

IN THE Summer of 1874, the bank ended *the first ten years* of its existence. It had been a period of great expansion, not only in California but all over the West. There had been a remarkable development of Agriculture throughout the area. There had been, too, hardly less remarkable advances in manufacturing, transportation, foreign trade, and, in San Francisco particularly, building. Moreover, the decade had witnessed the Comstock's rise to a position of commanding importance in the economic life of the Coast, with its mines monthly pouring millions of dollars of new wealth into the channels of trade.

Throughout these early years, the profits of the bank were large. Thomas Bell, one of the original trustees, stated that from its organization in July 1864 to May 1866—a period of twenty-two months—earnings were approximately \$1,200,000. One million dollars of this was undivided profits, for which stockholders received a stock dividend of fifty percent. In 1866, the capitalization was increased from \$2,000,000 to \$5,000,000. The stock had long sold for \$150 *above par*; dividends of one percent were paid regularly on the 15th of each month from July 1864 to January 1875. Reviewing that record, a financial writer stated: "Starting under the favorable auspices of a strong organization, and with a capital so large for that period, the bank's career during the following decade more than fulfilled the brightest hopes of its founders."

During that active period the management of the affairs of the institution remained in the hands of William C. Ralston. In the 1880's, one of the bank's officials wrote:

In the early years . . . Mr. Mills was a good deal absent, arranging connections and correspondents for the bank abroad; upon Mr. Ralston therefore devolved the institution of the policy which rendered the bank so popular. . . . The policy was liberal; it extended substantial aid to the leading industries of the country. Mining and manufacturing enterprises were carefully considered and fostered. A period of great prosperity followed. For more than ten years the success of the bank was marvelous. . . . Its public favor was established, business boomed. . . .

On January 15, 1873, D. O. Mills resigned from the presidency he had held for nine years. Ralston succeeded to the office, his place as cashier being filled by the promotion of Thomas H. Brown. Brown had been assistant cashier since shortly after he joined the organization, in October 1867. In general, however, changes in the bank's officers were few, and this policy has been adhered to ever since. Continuity of management, with the same executives occupying offices over long periods of time, is illustrated by the fact that *in the eighty-six years* of its existence the bank has had *only eight* presidents.

A conspicuous example of this policy of retaining competent officials over long periods is that of Stephen H. Franklin, who became the bank's first secretary, and who continued in that capacity until his death, nearly three decades later. Franklin was long a conspicuous figure in the business life of the city. His distinguished granddaughter, Gertrude Atherton, thus described him in his later years: "He lived to the age of eighty, a superb figure of a man, tall, noble and dignified, who was pointed out to strangers on the streets as the handsomest of San Francisco's many handsome men. He was the more conspicuous for having been smooth-shaven, a novelty for many years." Old-time San Franciscans retain the memory of Franklin as he appeared in the late 1880's and early 1890's: a venerable, austere figure who seemed literally to belong to another era. He habitually dressed in the "old style," with flaring collar and black silk stock. On the streets he wore a black silk hat and carried an ivory-headed cane. "His writing," an associate once recalled, "was like copper plate, and there is still in existence the *Number One* minute book of the bank, all in his beautiful script, page after page without blot or blemish."

Although the bank's operation during its first ten years was conspicuously successful, it must not be inferred that all was clear sail-

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Meantime, as preparations for the reopening went forward, the officers and directors of the rehabilitated institution were announced: D. O. Mills again assumed the presidency; Thomas Brown became cashier, Stephen Franklin and W. W. Wiggins, secretaries, and Samuel H. Wilson, attorney. The directors were: D. O. Mills, Nicholas Luning, Thomas Bell, William Sharon, John O. Earl, William Alvord, William Norris, Louis Sachs, D. S. Tallant, George H. Howard, and E. J. Baldwin.

By the end of September, the complicated task had been completed, and the date for resuming business was announced: October 2.

Of this accomplishment and its results, Eldredge states in his *History of California*:

The prestige of its name, the romance of its history and the hold it had on the imagination of the people, the character of the men in control, the large amount of its syndicate guaranty as well as the strength and standing of its guarantors, all told in its favor, and proved the perfect success of the rehabilitation—a success more wonderful than was dreamed of by the managers—for, from being the great bank of the state, The Bank of California had become one of the great banks of the nation.

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X: THE SECOND DECADE

OCTOBER 2, 1875, was a memorable day in San Francisco! The opening of the Coast's leading bank, on a firmer basis than before and with public confidence stronger than ever, took on the aspect of a city-wide holiday. Contemporary newspaper accounts state that at an early hour crowds assembled on California street in such number that traffic was all but suspended, while the sidewalks and roofs of adjacent buildings were crowded.

Alta's account continues:

When the bank, as the hour of opening approached, every officer and clerk was at his post. The paying tellers stood ready . . . and the first to attract the attention of whomsoever was admitted was a lot of twenty-dollar gold pieces, arranged at their station, and ready, as has been usual, a half-million, as the advance guard of more that lay in the vaults. . . .

At the opening, men carrying bags of coin had pushed their way out and been admitted through the wicket panel. A